

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7504**

**BILL NUMBER:** HB 1319

**NOTE PREPARED:** Jan 4, 2005

**BILL AMENDED:**

**SUBJECT:** Referenda for school corporation projects.

**FIRST AUTHOR:** Rep. Cherry

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill requires a local public question, instead of the petition and remonstrance process required under current law, to approve a school corporation's preliminary determination to issue bonds or enter into a lease rental for a controlled project resulting in outstanding obligations exceeding 10% of the school corporation's assessed valuation. It requires a referendum before bonds may be issued or leases may be entered into for the controlled project.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill could limit the growth in Debt Service Fund levies for local schools. The bill requires a school to hold a public question instead of the petition and remonstrance process required under current law if the outstanding debt and lease obligations, including public holding company debt, is more than 10% of the school's latest value of taxable property.

The following chart shows the percentage of debt for CY 2003 assessed value.

<b>Debt as % of 2003 Adjusted Taxable Property</b>	<b>Number of Schools</b>
0-1%	29
1-2%	43
2-3%	55
3-4%	59
4-5%	38
5-6%	18
6-7%	17
7-8%	10
8-9%	14
9-10%	4
Over 10%	5
Total	292

The public question would be placed on the ballot at the next primary or general election. If the next general election or primary is more than six months after the question has been certified then the question would be placed on the ballot of a special election.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Local Schools.

**Information Sources:** Department of Education Databases.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.